

Massachusetts Teachers' Retirement Board
Meeting of January 27, 2017
9:00 a.m. to 2:00 p.m.
being held at:

Massachusetts Teachers' Retirement System
500 Rutherford Avenue, Suite 210, Charlestown, MA

Agenda for January Board meeting

Regular Matters of Business	Tab 1
Open and Executive Minutes of the Regular Meeting held on December 16, 2016	
Applications for Accidental Disability Retirement*	<i>Disability Folder</i>
Potential Forfeiture of Benefit**	Tab 2
Request for Waiver of Overpayment.....	Tab 3
Request approval of Change Order 33.00, <i>MyTRS Third Party Software Upgrades</i>.....	Tab 4
Proposed amendments to 807 CMR 7.00, <i>Documentation to be Obtained for Ordinary or Accidental Disability Retirement</i>.....	Tab 5
Proposed amendments to MTRS Data Classification Security Policy.....	Tab 6
Request for Approval of Out of State Travel for Executive Director.....	Tab 7
NPEA Board Meeting, Tucson, AZ <i>February 3 – February 6</i>	
NASRA/NCTR Legislative Conference, Washington, D.C. <i>February 25 – February 27</i>	
Keeping the lines open: Communications updates, services and stats	
Sue Theil, Director of Communications	
Scott Cauley, Assistant Director of Communications/Contact Center	
Executive Director's Report.....	Tab 8
Letter to Secretary Lepore regarding system funding	
Pension funding letter and schedule	

*****One of the three will be considered in Executive Session***

Next meeting scheduled for
February 24, 2017
9:00 a.m. – 12:00 p.m.

Minutes of the Meeting of January 27, 2017

of the

MASSACHUSETTS TEACHERS' RETIREMENT BOARD

I. Regular Matters of Business

In attendance at this regular meeting of the Massachusetts Teachers' Retirement Board ("the Board") were Chairman Jeff Wulfson, Vice Chair Nicola Favorito, Jacqueline A. Gorrie, Richard L. Liston, Dennis J. Naughton, Joannah M. Quinn, Anne Wass, Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, Assistant Executive Director Jon Osimo, General Counsel James Salvie, Disability Case Manager Salvatore Coco and Executive Assistant Helen Petruzziello.

The meeting was called to order at approximately 9:02 a.m.

The minutes of the previous Board meeting, held on December 16, 2016, were reviewed and approved as submitted on a motion made by Ms. Wass and seconded by Ms. Gorrie. The motion carried 6-0-1 with Mr. Liston abstaining due to his absence from the December board meeting.

VOTED: The Open and Executive minutes of the Board meeting held on December 16, 2016, are hereby approved as submitted.

II. Executive Session

A motion was made by Mr. Favorito, and seconded by Ms. Wass, to enter into executive session in order to review applications for disability retirement and potential forfeiture of benefit. On roll call, the vote was as follows:

VOTED: Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Joannah M. Quinn	Yes

At approximately 9:03 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At approximately 10:08 a.m. the Board reconvened in Open Session and took a brief recess until approximately 10:16 a.m.

III. Open Session

A. POTENTIAL FORFEITURE OF BENEFIT

1. Rachel Gendron

The Board considered the hearing officer's report regarding the forfeiture under G.L. c. 32 § 15 (4) of Rachel Gendron. On a motion made by Mr. Liston, and seconded by Mr. Naughton the Board voted unanimously to accept the hearing officer's report and forfeit the \$4.62 in interest on Ms. Gendron's contributions and forfeit Ms. Gendron's right to receive a future retirement allowance from the MTRS or any other Massachusetts Contributory Retirement System.

2. Brian McBride

The Board considered the hearing officer's report regarding the forfeiture under G.L. c. 32 § 15 (4) of Brian McBride. On a motion made by Mr. Liston, and seconded by Ms. Gorrie, the Board voted unanimously to accept the hearing officer's report and forfeit the \$198.34 in interest on Mr. McBride's contributions and forfeit Mr. McBride's right to receive a future retirement allowance from the MTRS or any other Massachusetts Contributory Retirement System.

B. REQUEST FOR WAIVER OF OVERPAYMENT

Mr. Neilon introduced Cheryl Russell, Director, and Jenn Ligon, Coordinator, of the agency's Benefit Adjustments and Finalizations unit who provided a presentation and distributed additional detailed information on the research

behind the Minimum Spousal Survivor Benefit project and asked for the Board's approval of the recommendations of: 1) a constructive re-application of minimum survivor benefits as of July 1, 2000 for those members whose benefits were not reduced upon their remarriage; 2) waiver of the benefit overpayments under the "Needham Bill," G.L. c. 32, § 20(5)(c)(3), for those recipients as of the date of their remarriage through June 30, 2000; 3) increase of their payments to \$500 per month, plus COLA as of April 2012, where applicable; 4) a constructive re-application of minimum survivor benefits as of February 7, 2014 for those members whose benefits were reduced due to their remarriage; and 5) increase of their payments to \$500 per month as of February 7, 2014. The Board inquired, and Board staff confirmed, that preventive measures have been put in place for the future. On a motion made by Mr. Naughton and seconded by Ms. Wass, the Board voted 7-0 to approve the recommendations.

C. REQUEST APPROVAL OF CHANGE ORDER 33.00, MYTRS THIRD PARTY SOFTWARE UPGRADES

Susan Morgan, Chief Technology Officer and David Wright, Director of Network Services, joined the meeting to ask for the board's approval of expenses for Change Order #33.00: MyTRS Third Party Software Upgrades. The Board asked questions concerning the imposition of financial penalties in the case of missed deadlines and Ms. Morgan explained the procedure. On a motion made by Mr. Liston, and seconded by Ms. Wass, the Board voted 7-0 to approve the costs of the upgrade project in an amount not to exceed \$78,780.

The Board asked Ms. Morgan and Mr. Wright to provide an update on network system security at an upcoming board meeting.

D. PROPOSED AMENDMENTS TO 807 CMR 7.00, DOCUMENTATION TO BE OBTAINED FOR ORDINARY OR ACCIDENTAL DISABILITY RETIREMENT

Richard Mullane, Esq. representing the Massachusetts Teachers Association joined the meeting to provide comments on proposed amendments to 807 CMR 7.00, *Documentation to be Obtained for Ordinary or Accidental Disability Retirement*. Upon the Board's questioning, Mr. Mullane provided further explanation for the proposed "grace period" for the filing of Physician's Statements. The Board instructed staff to pursue any possible effects or concerns with the Public

Employees Retirement Administration Commission ("PERAC") and draft an amendment accordingly.

E. PROPOSED AMENDMENTS TO MTRS DATA CLASSIFICATION SECURITY POLICY

Ms. Glaster presented the proposed amendments to the MTRS Data Classification Security Policy, which implemented a "clean desk policy" for the management and security of all members' paper files containing personally identifiable information throughout the physical office spaces. On a motion made by Mr. Liston, and seconded by Ms. Gorrie, the Board voted 7-0 to accept the amendments.

F. REQUEST FOR APPROVAL OF OUT OF STATE TRAVEL FOR EXECUTIVE DIRECTOR

Pursuant to the provisions of the MTRS Official Travel Policy, Ms. Glaster requested the Board's approval to attend the NPEA Winter Board Meeting in Tucson, AZ from February 3rd to February 6th, stating that the airfare, ground transport, hotel and meal expenses are paid by the NPEA. Additionally, Ms. Glaster asked for the Board's approval to attend the annual Winter Meeting of the National Association of State Retirement Administrators (NASRA) and joint NASRA/NCTR Legislative Conference in Washington, D.C. from February 25-February 27th. On a motion made by Mr. Naughton, and seconded by Mr. Liston, the Board voted 7-0 to approve the out of state travel of the Executive Director.

G. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster noted that included in the board materials was a letter from the Chairman on the board's behalf addressed to Administration and Finance Secretary Kristen Lepore and Ways and Means House and Senate Chairs Brian Dempsey and Karen Spilka reiterating the board's concern regarding the funded ratio of the MTRS and expressing their recommendation for setting the triennial Commonwealth pension funding schedule.
2. Also included in the materials was the letter from Secretary Lepore to the Ways and Means Committee Chairs filing the new pension funding schedule. Ms. Glaster highlighted that the annual appropriation amounts in the new

schedule increase by 8.94% per year. While this was below the 10% annual increases the board and others had recommended, it does meet the goal to be fully funded by FY 2036. Ms. Glaster pointed out the importance of staying vigilant on this issue, noting many factors, including the increasing amount of the pension appropriation as a percentage of the overall state budget in later years of the schedule, and the impact on system liabilities in the event the assumed investment rate of return is not met. The Chairman will send a thank you letter on the board's behalf to Secretary Lepore and the Ways and Means Chairs thanking them for their efforts.

3. Ms. Glaster included in the materials the basic financial disclosure statements of the Commonwealth of Massachusetts *Comprehensive Annual Financial Report* ("CAFR") reflecting the ongoing evaluation of the exclusive benefit rule issues.
4. Additionally, Ms. Glaster included PERAC Memo #6/2017 regarding upcoming continuing education offerings.
5. Ms. Glaster announced that the 1099-R tax statements and Benefit Verification Forms will be mailed out to benefit recipients in the upcoming week. Also, she reported that a broadcast email will be sent to benefit recipients announcing the mailing and noting this year's extended deadline designed to provide more time for return of notarized forms in case of inclement weather.
6. Ms. Glaster provided an update to the ongoing progress made in the evaluation of the Exclusive Benefit Rules issues, including the results from a joint meeting held earlier in the week at the Comptroller's office attended by the Comptroller and Deputy Comptroller as well as representatives from Administration and Finance (ANF), the Treasurer's office, the Public Employee Retirement Administration Commission (PERAC), the Massachusetts State Employees' Retirement System (MSERS) and MTRS. Ms. Glaster reported that, following the opinions of tax counsel, the MTRS will be depositing 2017 3(8)(c) revenues into the PRIT Fund, and not the General Fund, unless a change is made in the law. She reported that ANF has filed legislation to direct those funds to the General Fund, and indicated they would draft additional legislation to address the remaining EBR issues, following the amendments on the funding of the PERAC budget previously agreed to by MTRS, MSERS and PERAC. Additionally, Ms. Glaster announced that Assistant Secretary for Capital Finance Jennifer Sullivan offered to have a representative from ANF address board members at an upcoming board meeting.

7. Ms. Glaster distributed to the board members copies of the *2016 Year in Review*, an internal report summarizing major activities and accomplishments of the agency in the past year. She asked board members to review it and share any questions/comments at the February board meeting.
8. Ms. Glaster provided the board with copies of a recently published Fordham Institute study in which Massachusetts is named one of the nation's third worst systems for newly enrolled teachers, claiming that new teachers will never earn a benefit equal to the value of their employee contributions. Ms. Glaster noted a number of inaccuracies and excluded data in the report and will share with the Board the analysis of the report expected from NCTR.

H. KEEPING THE LINES OPEN; COMMUNICATIONS UPDATES, SERVICES AND STATS

Sue Theil, Director, and Scott Cauley, Assistant Director, of the Communications Unit and Contact Center joined the meeting and provided the Board with an overview of the features of the agency's external website, including the addition of a feedback module, and the evolution of the agency's contact center, including phone statistics from the past year.

On a motion made by Mr. Naughton and seconded by Ms. Quinn, the Board voted unanimously to adjourn the meeting at approximately 12:45 p.m.

Respectfully submitted,

Erika M. Glaster, Executive Director

Date

Documents used in MTRS Board meeting of January 27, 2017

- Agenda for January 27, 2017 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of January 27, 2017 MTRS Board meeting
- Memorandum and supporting documents pertaining to Potential Forfeiture of Benefit
- Memorandum and supporting documents pertaining to Request for Waiver of Overpayment
- Memorandum pertaining to Request approval of Change Order 33.00, MyTRS Third Party Software Upgrades
- Memorandum and supporting documents pertaining to Proposed amendments to 807 CMR 7.00, Documentation to be Obtained for Ordinary or Accidental Disability Retirement
- Memorandum and supporting documents pertaining to Proposed amendments to MTRS Data Classification Security Policy
- Memorandum pertaining to Request for Approval of Out of State Travel for Executive Director
- Letter to Secretary Lepore regarding system funding
- Pension funding letter and schedule